

Message Text

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ACTION AGR-08

INFO OCT-01 EUR-12 IO-11 ISO-00 AID-05 CEA-01 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02

STR-04 TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 SS-15

NSC-05 L-03 /092 W

----- 126813

R 041736Z MAR 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6931

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: EAGR, XG

SUBJECT: PROPOSED EC PRICE INCREASES

REF: STATE 48241

L. ECON/COMCL MINISTER EXPLAINED U.S. DISAPPOINTMENT
OVER PROPOSED EC GRAN PRICE INCREASES TO MFA DEPUTY
ASST. SECRETARY DITTMANN. DITTMANN INDICATED THAT THE
FRG IS ALSO CONCERNED ABOUT THE RATE OF INCREASE THAT
HAS BEEN PROPOSED, AND THAT IT SHARES OUR VIEW THAT
A MOVEMENT IS NEEDED TOWARD MARKET-ORIENTED
PRODUCTION RESPONSIVE TO SHIFTS IN DEMAND AND
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SUPPLY. HE INDICATED, HOWEVER, THAT IT WAS ALWAYS

DIFFICULT TO KNOW JUST WHERE TO MAKE THE TRADE-OFF BETWEEN THE GOAL OF LIMITING PRICE INCREASES TO MODERATE LEVELS AND THAT OF MAINTAINING FARM INCOME. AGRICULTURAL MINISTER ERTL WAS NOT GIVEN SPECIFIC INSTRUCTIONS CONCERNING EACH COMMISSION PROPOSAL, BUT RATHER A GENERAL MANDATE TO WORK FOR AN AVERAGE PRICE INCREASE OF 7.5 PERCENT. ONCE BORDER ADJUSTMENTS WERE TAKEN INTO ACCOUNT, THIS WOULD RESULT IN AVERAGE PRICE INCREASES IN GERMANY OF 3.5 PERCENT. DITTMANN SAID THAT FRG AGRICULTURAL MINISTRY CONTENDED THAT PRICE INCREASES OF THIS ORDER WOULD JUST MAINTAIN THE LEVEL OF REAL GERMAN FARM INCOME.

2. REFERRING TO IT AS A PERENNIAL PROBLEM, DITTMANN REGRETTED THE TENDENCY FOR EACH PARTICIPANT IN THE EC COUNCIL DISCUSSIONS OF AGRICULTURAL PRICES TO DEFEND HIS POSITION DOGGEDLY UP TILL THE LAST POSSIBLE MOMENT, IN ORDER TO PROVE TO HIS CONSTITUENCY THAT HE OBTAINED ALL THAT WAS HUMANLY POSSIBLE. THESE CONFLICTS OFTEN BOIL DOWN TO FRANCO-GERMAN CONFRONTATIONS, WHICH THE FRG WOULD LIKE IN THIS ROUND TO AVOID. THE FRG HAS THEREFORE BEEN PURSUING BILATERAL TALKS, WITH THE FRENCH AND OTHERS, TO EXPLORE WHAT COMPROMISES ARE POSSIBLE.

3. U.S. CONCERNS WERE ALSO CONVEYED BY AGATT TO HIGH AGMIN OFFICIALS. MINAG OFFICIALS INDICATED THAT THEY WOULD LIKE TO STUDY OUR REPRESENTATION BEFORE COMMENTING.
HILLENBRAND

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 04 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BONN03653
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760083-0882
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760396/aaaadgxp.tel
Line Count: 93
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AGR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 48241
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAR 2004 by MartinML>; APPROVED <08 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROPOSED EC PRICE INCREASES
TAGS: EAGR, XG, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006